

Message Text

LIMITED OFFICIAL USE

PAGE 01 KATHMA 00656 060456Z

13

ACTION NEA-09

INFO OCT-01 EA-06 ISO-00 NIC-01 SAJ-01 SAM-01 OMB-01

CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 EB-07

/076 W

----- 048077

R 060400Z FEB 75

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 0752

INFO CINCPAC

AMCONSUL HONG KONG

AMEMBASSY NEW DELHI

USLO PEKING

LIMITED OFFICIAL USE KATHMANDU 0656

E.O. 11652: N/A

TAGS: PFOR, EAID, NP, CH

SUBJ: CHINA AGREES TO MASSIVE ROAD PROJECT IN NEPAL

1.SUMMARY: THE CHINESE ECONOMIC DELEGATION WHICH ARRIVED IN KATHMANDU JANUARY 28 HAS AGREED TO COOPERATE IN THE CONSTRUCTION OF THE SO-CALLED "MIDDLE HILLS ROAD" FROM POKHARA TO SURKHET. ALTHOUGH THE TOTAL COST OF THE PROJECT IS UNKNOWN, FIRST ESTIMATES ARE THAT IT WILL BE IN THE NEIGHBORHOOD OF \$80-90 MILLION, MAKING IT THE LARGEST PROJECT EVER UNDERTAKEN IN NEPAL WITH FOREIGN ASSISTANCE. ALTHOUGH OTHER ANTICIPATED AGREEMENTS HAVE NOT BEEN SIGNED, NEPALESE PRESS HAS PLAYED UP IMPORTANCE OF ROAD AND CHINESE DELEGATION'S SUPPORT FOR NEPAL'S "JUST STRUGGLE AGAINST FOREIGN INTERFERENCE." END SUMMARY

2. SPEAKING AT FEBRUARY 2 SIGNING CEREMONY OF AGREEMENT ON POLHARA-SURKHET ROAD PRC VICE MINISTER OF COMMUNICATIONS TAO CHI SAID THAT AGREEMENT IS "EVIDENCE OF FURTHER EXPANSION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KATHMA 00656 060456Z

OF ECONOMIC COOPERATION WITH NEPAL." WHILE REGRETTING THAT PRC

AS DEVELOPING COUNTRY COULD NOT EXTEND ASSISTANCE AT LEVELS IT DESIRED, TAO CHI SAID NEW ROAD WOULD BE "ONE MORE LINK IN CHAIN OF UNBREAKABLE FRIENDSHIP BETWEEN CHINA AND NEPAL."

3. TAO CHI SAID THAT CHINA STRONGLY OPPOSED "THE FEATURES OF BIG POWER POLITICS AND HEGEMONISM SUCH AS BIG NATIONS HOLDING OUT THREATS TO SMALLER ONES, RICH NATIONS HARASSING SMALL COUNTRIES." CHINA, HE CONCLUDED, WILL SUPPORT NEPAL "IN ITS JUST STRUGGLE AGAINST FOREIGN INTERFERENCE AND THE DEFENSE OF ITS NATIONAL INDEPENDENCE AND STATE SOVEREIGNTY."

4. PRC DELEGATION REMAINS IN NEPAL INSPECTING OTHER PRC ASSISTANCE PROJECTS OUTSIDE KATHMANDU AND IS EXPECTED TO DEPART FEBRUARY 6.

5. COMMENT:

THE 407 KILOMETER ROAD, WHEN COMPLETED, WILL BE AN ENGINEERING MARVEL IN THAT IT WILL CROSS SOME OF THE ROUGHEST TERRAIN IN NEPAL AT ALTITUDES OVER 10,000 FEET. INITIAL SURVEYS SHOW THAT 11 MAJOR BRIDGES WILL BE REQUIRED, IN ADDITION TO 300 SMALLER BRIDGES AND OVER 2500 CULVERTS. IT IS UNCLEAR, HOWEVER, TO WHAT EXTENT CHINA WILL PROVIDE ASSISTANCE IN THE PROJECT. ACCORDING TO THE COMMUNIQUE RESPONSIBILITY FOR OVERALL MANAGEMENT OF THE PROJECT WILL REST WITH NEPAL, WHILE CHINA WILL PROVIDE "ENGINEERING AND TECHNICAL PERSONNEL, ROAD CONSTRUCTION EQUIPMENT, AS WELL AS COMMODITIES AND CONSUMER GOODS FOR THE ROAD. THE SALE PROCEEDS FROM THESE CONSUMER GOODS WILL BE UTILIZED FOR MEETING LOCAL COSTS OF THE PROJECT." CONSTRUCTION IS TO BEGIN IN LATE 1975 OR EARLY 1976. ALTHOUGH NO COMPLETION DATE IS SPECIFIED, OUR ESTIMATE IS THAT IT WILL TAKE SEVEN TO TEN YEARS TO CONSTRUCT.

6. HMG IS OBVIOUSLY PLEASED AT THIS DRAMATIC GESTURE OF CHINA'S WILLINGNESS TO PROVIDE ECONOMIC ASSISTANCE AT A TIME WHEN ECONOMIC RELATIONS WITH INDIA ARE STRAINED. PRESS COVERAGE OF THE DELEGATION HAS BEEN EXTENSIVE AND THE STORIES HAVE NOT FAILED TO POINT OUT THAT THE ROAD WILL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KATHMA 00656 060456Z

BE THE LARGEST DEVELOPMENT PROJECT UNDERTAKEN IN THE COUNTRY.

7. ALTHOUGH THE DELEGATION HAS NOT YET DEPARTED, WE ARE SOMEWHAT SURPRISED BY THE LACK OF OTHER AGREEMENTS WHICH IT WAS WIDELY BELIEVED WOULD BE SIGNED. THESE INCLUDE A HYDROELECTRIC PROJECT, THE ROAD FROM BHARATPUR TO GORKHA, A TEXTILE MILL IN HETAURA AND AN IRRIGATION PROJECT.

ALTHOUGH EACH OF THESE IS CONSIDERABLY DOWN HMG'S PRIORITY LIST IN COMPARISON TO THE POKHARA-SURKHET ROAD, IN THEIR TOTALITY THEY WOULD REPRESENT A QUANTUM JUMP IN PRC'S COMMITMENT TO NEPALESE DEVELOPMENT. MINISTER OF STATE FOR FINANCE BHEKH THAPA CANCELLED PLANNED TRIP TO DAKAR IN ORDER TO TAKE PART IN FURTHER NEGOTIATIONS WHICH MAY HAVE TURNED OUT TO BE MORE DIFFICULT THAN HMG HAD ANTICIPATED.

8. AS WELCOME TO NEPAL AS TAO CHI'S POINTED REMARKS ON THE "STRUGGLE AGAINST FOREIGN INTEREFERENCE," MAY HAVE BEEN, INDIAN PRESS HAS BEEN QUICK TO CHARGE THAT AGREEMENT IS CHINESE MOVE TO "TAKE ADVANTAGE OF COOLNESS IN INDO-NEPALI RELATIONS." WHILE THERE IS NO DOUBT SOME TRUTH IN THIS ALLEGATION, IT SHOULD BE BORNE IN MIND THAT CHINESE HAD AGREED IN PRINCIPLE TO CONSTRUCT ROAD AS LONG AGO AS BIRENDRA'S VISIT TO PEKING IN 1973. IT IS TRUE, HOWEVER, THAT NEW COMMITMENT WILL PROBABLY MAKE CHINA LARGEST FOREIGN AID DONOR IN NEPAL, SURPASSING EVEN INDIA. INDIAN COMMITMENTS FOR FIVE YEAR PLAN BEGINNING 1976 ARE NOW ESTIMATED AT \$80 MILLION (INCLUDING ROAD FROM DHANKUTA TO DOLALGHAT), WHILE PRC ASSISTANCE COULD RISE TO OVER \$120 MILLION FOR SAME PERIOD.

9. EMBASSY WILL PROVIDE MORE EXTENSIVE ANALYSIS WHEN DELEGATION DEPARTS. CARGO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, CONSTRUCTION, HIGHWAYS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KATHMA00656
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750042-1084
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750267/aaaaciee.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2003 by MartinML>; APPROVED <10 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHINA AGREES TO MASSIVE ROAD PROJECT IN NEPAL
TAGS: PFOR, EAID, NP, CH
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006